

Opening remarks by STH on housing at LegCo Finance Committee special meeting

Following is the opening remarks (English translation) by the Secretary for Transport and Housing, Mr Frank Chan Fan, on housing at the special meeting of the Legislative Council Finance Committee this morning (April 14):

Chairman,

The current-term Government is determined to resolve the housing problem. The Government strives to increase housing supply, enrich the housing ladder and, when new supply is not yet available, explore ways to optimise existing resources to support families waiting for public rental housing (PRH) and are inadequately housed.

Identifying land actively to increase housing supply is the fundamental solution to Hong Kong's housing problem. The Government has all along been working together and spared no effort in this respect. According to the Long Term Housing Strategy Annual Progress Report 2020, the Government has identified land for the provision of 316 000 public housing units to meet the demand for about 301 000 public housing units in the coming 10 years (i.e. 2021-22 to 2030-31). Such land supply mainly comes from reclamation in Tung Chung, the agricultural land and brownfield sites in New Development Areas including Kwu Tung North/Fanling North and Hung Shui Kiu/Ha Tsuen, a number of sites which have been rezoned for public housing development, part of the Fanling Golf Course site, and a number of brownfield clusters with housing development potential, the review of which has already been completed.

According to the forecast as at December 2020, the estimated total public housing production in the five-year period from 2020-21 onwards is about 101 400 units, comprising over 70 000 PRH and Green Form Subsidised Home Ownership Scheme (GSH) units, and over 30 000 other subsidised sale flats. For private housing, it is estimated that the annual average completion of private residential units in the five years from 2021 is over 18 000 units, representing an increase of about 5 per cent over the average of the past five years.

To achieve the above public housing production, government departments are pressing ahead and enhancing internal co-ordination, with a view to completing the necessary procedures for timely land production, for example, site formation, infrastructure construction, land resumption, etc. The Government will also work with the implementation agents, including the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society, to expedite the development process and optimise the development potential of each and every site where practicable.

In addition, with the support and facilitation of the Government, the

Hong Kong Settlers Housing Corporation Limited and the Urban Renewal Authority (URA) reached agreement on the co-operation framework in taking forward the redevelopment of Tai Hang Sai Estate in March this year. The collaboration project will improve the living conditions of current residents and the environment of the community. It will also provide over 3 300 units, doubling the existing 1 600 units, thereby benefiting more low to middle-income families.

Apart from increasing land supply by the Government, HA is committed to increasing public housing supply. For example, the HA has announced the clearance of Shek Lei Interim Housing, which will be cleared by the end of 2022. Subject to the Town Planning Board's approval to relax planning restrictions, it is estimated that about 1 600 units can be provided upon redevelopment in 2028.

On enriching the housing ladder, the HA has launched the Sale of Home Ownership Scheme Flats 2020, with applications closed in October 2020, to provide around 7 000 flats with selling prices set at 60 per cent of the market prices. The first batch of around 2 100 flats in Diamond Hill under the Sale of Green Form Subsidised Home Ownership Scheme Flats 2020/21 (GSH 2020/21) are expected to be put up for sale in May this year. The HA will also accelerate the sale of unsold flats in Tenants Purchase Scheme (TPS) estates in order to meet the home ownership aspirations of PRH tenants. Around 800 TPS flats will be put up for sale together with GSH flats under GSH 2020/21.

As for the Starter Homes for Hong Kong Residents (SH) pilot projects, following the URA's launch of the first SH pilot project, i.e. eResidence, in late 2018, the Government successfully sold by tender a private residential site at Anderson Road in May 2020 for implementation of the second SH pilot project. The Government will randomly select no less than 1 000 SH units from the residential units built by the developer. Separately, the URA has decided to assign the redevelopment project adjacent to the eResidence as another SH project, which is expected to provide about 260 units for pre-sale in 2024.

When the relevant housing supply is not yet available, the Government will continue to implement a series of measures to support those families waiting for PRH and are living in inadequate housing.

The current-term Government is strongly committed to facilitating the development of transitional housing with a view to providing transitional housing for people with pressing housing needs through better use of vacant land and premises. The Government's target is to provide a total of 15 000 transitional housing units within three years from 2020-21 to 2022-23. As at February this year, we have identified land for the provision of about 14 000 transitional housing units by 2022-23. Of these, over 1 100 units have been completed, projects involving about 2 400 units are under construction and expected to be completed in 2021 and 2022, projects involving about 9 800 units have been activated and projects involving about 550 units are under in-depth study.

In March of last year, the Finance Committee of the Legislative Council

(LegCo) approved a provision of \$5 billion to set up the Funding Scheme to Support Transitional Housing Projects by Non-government Organisations (NGOs) (the Funding Scheme). A total of 10 transitional housing projects have been approved under the Funding Scheme since its inception in June last year, involving a funding amount of about \$2.6 billion. We are grateful for the Panel on Housing's support in January this year on the injection of an additional \$3.3 billion into the Funding Scheme. The relevant funding proposal has been included in the 2021-22 Budget.

Furthermore, the Commission on Poverty also approved a grant of \$95 million from the Community Care Fund for implementing a pilot scheme on using suitable rooms in hotels and guesthouses with relatively low occupancy rates as transitional housing through NGOs. It is estimated that some 800 transitional housing units can be provided. Apart from providing temporary relief to the industry, the pilot scheme can also help increase the supply of transitional housing within a short period of time to assist low-income families to meet their housing needs. The Task Force on Transitional Housing has organised online briefing sessions to provide details of the pilot scheme to interested participants from the hotel and guesthouse industry. The pilot scheme was open for applications on April 1.

The Chief Executive announced in January last year that the Government would provide cash allowance on a trial basis to eligible General Applicant (GA) households who are not living in public housing, not receiving the Comprehensive Social Security Assistance and have been waiting for PRH for more than three years, until these households are offered the first PRH allocation. In this connection, the Government will soon launch the three-year Cash Allowance Trial Scheme (the Scheme) to provide relief to grassroots families who have waited for PRH for a prolonged period of time. Having secured the support of the Panel on Housing for the proposed Scheme, the Housing Department is now making active preparations with the target of receiving applications in the middle of this year and disbursing cash allowance from July onwards. It is estimated that around 90 000 GA households may be eligible upon the launch of the Scheme. The total approved commitment for the non-recurrent expenditure for the disbursement of cash allowance under the Scheme is about \$8,130 million and the operational expenses are estimated to be about \$65 million in 2021-22. The above funding proposal has been included in the 2021-22 Budget.

As for the tenancy control on subdivided units (SDUs), we set up the Task Force for the Study on Tenancy Control of Subdivided Units (the Task Force) in April last year to advise the Government on whether tenancy control on SDUs should be implemented in Hong Kong and the possible options. The Task Force has completed the study and submitted the report to the Government at the end of March this year. We are now actively considering the recommendations in the report and the views of the general public. Our target is to introduce the bill into LegCo for scrutiny as early as possible within the current legislative session.

Chairman, my team and I are pleased to answer policy-related questions from Members. Thank you.